

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

October 30, 2003

ACCOUNTING ORDER

MAINE PUBLIC SERVICE COMPANY
Request for Approval of Alternative Rate Plan

Docket No. 2003-85

MAINE PUBLIC SERVICE COMPANY
Application for Approval of Issuance of
Second Mortgage and Collateral Trust Bonds
to Secure New Letter of Credit Issued
Pursuant to Amendment No. 4 to the Letter
of Credit and Reimbursement Agreement
(Section 1101) (\$14,400,000)

Docket No. 2002-256

MAINE PUBLIC SERVICE COMPANY
Application for Approval of Issue of Securities
(Section 902) (\$15,000,000) and for Approval
of Second Mortgage (Section 1101)
(\$15,875,000)

Docket No. 1996-241

MAINE PUBLIC SERVICE COMPANY
Application for Approval of Issue of Securities
(Section 902) (\$9,525,000)

Docket No. 2000-542

MAINE PUBLIC SERVICE COMPANY
Application for Approval of Issuance of
Securities and Mortgage Bonds (Section 902,
1101) (\$14,000,000)

Docket No. 1998-210

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

I. SUMMARY

On September 25, 2003, the Commission issued its Part Two Order in the above-referenced dockets which approved a Stipulation entered into between Maine Public Service Company (MPS or Company), the Office of the Public Advocate (OPA), McCain Foods, Inc. (McCain), and J.M. Huber, Inc. (Huber) and thus authorized MPS to increase its distribution rates and to enter a "Hedge Program" which would serve to convert the Company's then variable long-term debt rate to a fixed rate. The Stipulation also set terms for the amortization of certain costs over a seven-year period. The Commission delegated authority to the Director of Finance to enter and approve such accounting orders as are necessary and appropriate in compliance with our Part One Order. This Order approves the accounting orders.

II. DECISION

As described in our Part One Order, as part of the agreed-upon revenue requirement, the parties included annual amounts for the Special Revenue Discount Offset and for the Sales Forecast Adjustment ordered in Docket No. 2001-240. Therefore, the parties propose that MPS no longer be required to accrue additional deferrals for these items. The prior deferral of these costs shall be amortized over a period of two years. In addition, the parties also stated that MPS would be authorized, pursuant to an accounting order to be entered by the Commission, to amortize over a period of seven years costs associated with the Company's Voluntary Early Retirement Program (VERP) as well as the costs incurred in connection with this docket.

Exhibits 7 and Exhibit 8 to the Stipulation, and also attached to this Order, show the specific amounts MPS will amortize in connection with the VERP, rate case costs and Special Revenue Discount Offset. As MPS will receive monies from ratepayers covering the amortization over the periods specified, it is reasonable to defer and amortize the expenses over the same periods for accounting purposes.

Accordingly, pursuant to the Commission's Part Two Order in this Docket, dated September 25, I hereby

O R D E R

That MPS's deferred accounting and related amortization for its Voluntary Early Retirement Program, the Special Revenue Discount Offset, and the costs incurred in connection with this docket is approved subject to the terms agreed to by the parties to the Stipulation.

BY ORDER OF THE DIRECTOR OF FINANCE

Richard M. Kania
Acting Director of Finance

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.